

PRESS RELEASE

BTL mortgage costs show little movement in rapidly changing market

UK, MARCH 28, 2019: As the Buy To Let market enters another period of change and uncertainty – with new regulations on fees and licensing joining the raft of past, present and future tax changes – mortgage costs remain stable with little movement recorded over the past three months.

Mortgage Brain's latest BTL product data analysis (as of 1st March 2019) shows, for example, that the cost of a number of two and five year Fixed rate BTL mortgages have remained static when compared to the costs at the beginning of December 2018.

The cost of a 70% LTV two year Tracker and a 70% LTV five year Fixed fell by 2% and 1% over the same period. The reductions in cost – while marginal – do offer BTL investors a potential annualised saving of £126 and £72 respectively on a £150k mortgage.

By contrast, the cost of a three year Fixed BTL (70% LTV) is now 2% higher than it was in December and equates to an annualised cost increase of £125.

Mortgage Brain's longer-term analysis, however, does show that the BTL market is still in a healthy position compared to this time three years ago – a period when the controversial 3% stamp duty hike for landlords was introduced.

The cost of a 60% LTV five year Fixed BTL mortgage, for example, is now 11% lower than it was in March 2016, while a 60% LTV two and three year Fixed are 7% and 10% cheaper.

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BTL v Residential

The true cost differences between BTL mortgages and mainstream residential products is also revealed as part of Mortgage Brain's latest analysis. Current figures (as of 1st March 2019) show that the cost of an 80% LTV two year Fixed BTL mortgage is 25% higher than the same product type for a residential mortgage.

Similarly, an 80% LTV five year Fixed BTL mortgage costs 19% more than its residential equivalent, while a 60% LTV two year BTL Tracker costs 8% more.

Mark Lofthouse, CEO of Mortgage Brain, comments, "Although our latest BTL product analysis shows little movement over the past three months, potential landlords and BTL investors can continue to make the most of the record lows in terms of rates and costs in the BTL market.

"With a host of new regulations and tax changes coming into play over the coming months, including the ongoing uncertainty surrounding Brexit and the potential for further base rate rises, the BTL landscape in 2019 is incredibly complex. The need for specialist advice and support from brokers, therefore, has never been greater."

Table 1: Monthly cost (£) per £1,000 borrowed (2, 3, 5 year Fixed and Tracker).

BTL Mortgage Product Data – Supplied by Mortgage Brain												
(Monthly cost (£) per £1,000 borrowed – repayment for a £180,000 property)												
Product	1/3/18	1/6/18	1/9/18	1/12/18	1/3/19	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60% BTL	£4.15	£4.19	£4.17	£4.21	£4.21	£0.00	0.00%	£0.04	0.96%	£0.06	1.45%	n/a
2 Year Fixed 70% BTL	£4.26	£4.37	£4.37	£4.29	£4.31	£0.02	0.47%	-£0.06	-1.37%	£0.05	1.17%	2.38%
2 Year Fixed 80% BTL	£4.98	£5.03	£5.03	£5.03	£5.03	£0.00	0.00%	£0.00	0.00%	£0.05	1.00%	19.48%
2 Year Tracker 60% BTL	£4.27	£4.27	£4.38	£4.40	£4.38	-£0.02	-0.45%	£0.00	0.00%	£0.11	2.58%	n/a
2 Year Tracker 70% BTL	£4.41	£4.41	£4.49	£4.56	£4.49	-£0.07	-1.54%	£0.00	0.00%	£0.08	1.81%	2.51%
2 Year Tracker 80% BTL	£5.32	£5.36	£5.37	£5.81	£5.87	£0.06	1.03%	£0.50	9.31%	£0.55	10.34%	34.02%

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3 Year Fixed 60% BTL	£4.34	£4.34	£4.36	£4.34	£4.34	£0.00	0.00%	-£0.02	-0.46%	£0.00	0.00%	n/a
3 Year Fixed 70% BTL	£4.57	£4.51	£4.60	£4.48	£4.55	£0.07	1.56%	-£0.05	-1.09%	-£0.02	-0.44%	4.84%
3 Year Fixed 80% BTL	£5.21	£5.28	£5.28	£5.03	£5.03	£0.00	0.00%	-£0.25	-4.73%	-£0.18	-3.45%	15.90%
5 Year Fixed 60% BTL	£4.44	£4.44	£4.43	£4.40	£4.41	£0.01	0.23%	-£0.02	-0.45%	-£0.03	-0.68%	n/a
5 Year Fixed 70% BTL	£4.64	£4.58	£4.61	£4.60	£4.56	-£0.04	-0.87%	-£0.05	-1.08%	-£0.08	-1.72%	3.40%
5 Year Fixed 80% BTL	£5.29	£5.22	£5.17	£5.09	£5.09	£0.00	0.00%	-£0.08	-1.55%	-£0.20	-3.78%	15.42%

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ABOUT MORTGAGE BRAIN LIMITED:

- [Mortgage Brain](#) is an expert in technology and software solutions proactively supporting Lenders, Networks, Corporates and Intermediary Mortgage Advisers.
- Its integrated product suite includes;
 - First and Second charge, whole of market, online and desktop mortgage sourcing systems [MortgageBrain Classic](#) and [MortgageBrain Anywhere](#)
 - Standalone second charge sourcing website [LoansBrain](#)
 - Case tracking and quoting comparison portal [ConveyancingBrain](#)
 - Point-of-sale, CRM and compliance system with online, secure and customisable client portal [The Key](#)
 - The multi-lender digital gateway, mortgage application platform, accounting for 60% of UK Lending [MTE, Mortgage Trading Exchange](#)
 - Websites, calculators, plugins [MortgageBrain B2C](#)
 - Lead Generation Suite for Advisers, including consumer facing app, website and Amazon Echo Skill [UKMortgages](#)
 - Criteria mortgage sourcing – [Criteria Hub](#)
 - Data Analysis & Lending Solutions.
- Mortgage Brain has over 22,000 users of its products and services and is a Microsoft Gold Certified Partner.
- Industry awards include 4 times winner 'Best Technology Provider' at the Mortgage Strategy Awards, winner of the Best Sourcing System at the Financial Reporter Awards and 4 times winner of the 'Technology Advocate of the Year' at the British Mortgage Awards.
- Mortgage Brain Holdings Limited, formed in 1986, is jointly owned by Barclays, Lloyds Banking Group, Nationwide, Royal Bank of Scotland, Santander & Virgin Money.

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